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FISCAL IMPACT STATEMENT

LS 6267

BILL NUMBER: SB 446

NOTE PREPARED: Jan 5, 2013

BILL AMENDED:

SUBJECT: Maximum property tax levies in Lake County.

FIRST AUTHOR: Sen. Randolph

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

LOCAL IMPACT	CY 2013	CY 2014	CY 2015
Local Revenues		3,850,000	7,638,000
Local Expenditures			
Net Increase (Decrease)		3,850,000	7,638,000

Summary of Legislation: This bill eliminates the law that freezes the maximum property tax levies for civil taxing units in Lake County unless a local option income tax for property tax relief is in effect in the county.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, civil taxing units in Lake County cannot increase property tax levies for funds that are subject to the maximum levy limitation because the county has not adopted a local option income tax at a 1% rate. Under this bill, beginning with taxes payable in 2014, civil unit

levy limits would grow by the statewide levy growth factor.

Assuming that all taxing units would impose their maximum levies, the total levy for all units in Lake County would increase by an estimated \$9.8 M in 2014, \$19.5 M in 2015, and \$30.7 M in 2016, as compared to current law. The county average tax rate per \$100 of AV would increase by an estimated \$0.0471 in 2014, \$0.0921 in 2015, and \$0.1418 in 2016, as compared to current law. The increased tax rates would cause an increase in circuit breaker credits estimated at \$6.0 M in 2014, \$11.9 M in 2015, and \$18.6 M in 2016. The net gain for all taxing units in Lake County is estimated at \$3.9 M in 2014, \$7.6 M in 2015, and \$12.0 M in 2016. Additionally, TIF revenues would increase by about \$360,000 in 2014, \$720,000 in 2016, and \$1.1 M in 2016.

As civil taxing unit levies rise, district tax rates will increase, resulting in additional circuit breaker credits. These additional credits equate to lost tax revenue for all civil taxing units and school corporations. The table below shows an estimate of the additional levy, additional circuit breaker loss, and net change by taxing unit type. Each school corporation would have a net loss, and most civil taxing units with property tax levies would have net gains.

Change in Levies and Circuit Breakers (In Millions)									
	2014			2015			2016		
Unit Type	Levy Incr	Circ Break Incr.	Net Change*	Levy Incr.	Circ Break Incr.	Net Change*	Levy Incr	Circ Break Incr.	Net Change*
County	2.7	0.9	1.8	5.4	1.7	3.6	8.4	2.7	5.7
Townships	0.5	0.3	0.2	1.0	0.5	0.5	1.6	0.8	0.7
City/Towns	5.3	3.2	2.1	10.4	6.3	4.1	16.4	9.9	6.5
Schools	0.0	0.8	-0.8	0.0	1.6	-1.6	0.0	2.5	-2.5
Libraries	0.7	0.4	0.3	1.4	0.7	0.7	2.2	1.1	1.0
Special	0.7	0.5	0.2	1.3	0.9	0.4	2.1	1.5	0.6
Total*	9.8	6.0	3.9	19.5	11.9	7.6	30.7	18.6	12.0
* Totals may not add due to rounding.									

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Civil taxing units and school corporations in Lake County.

Information Sources: LSA Parcel-level property tax database; Local Government Database, DLGF.

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